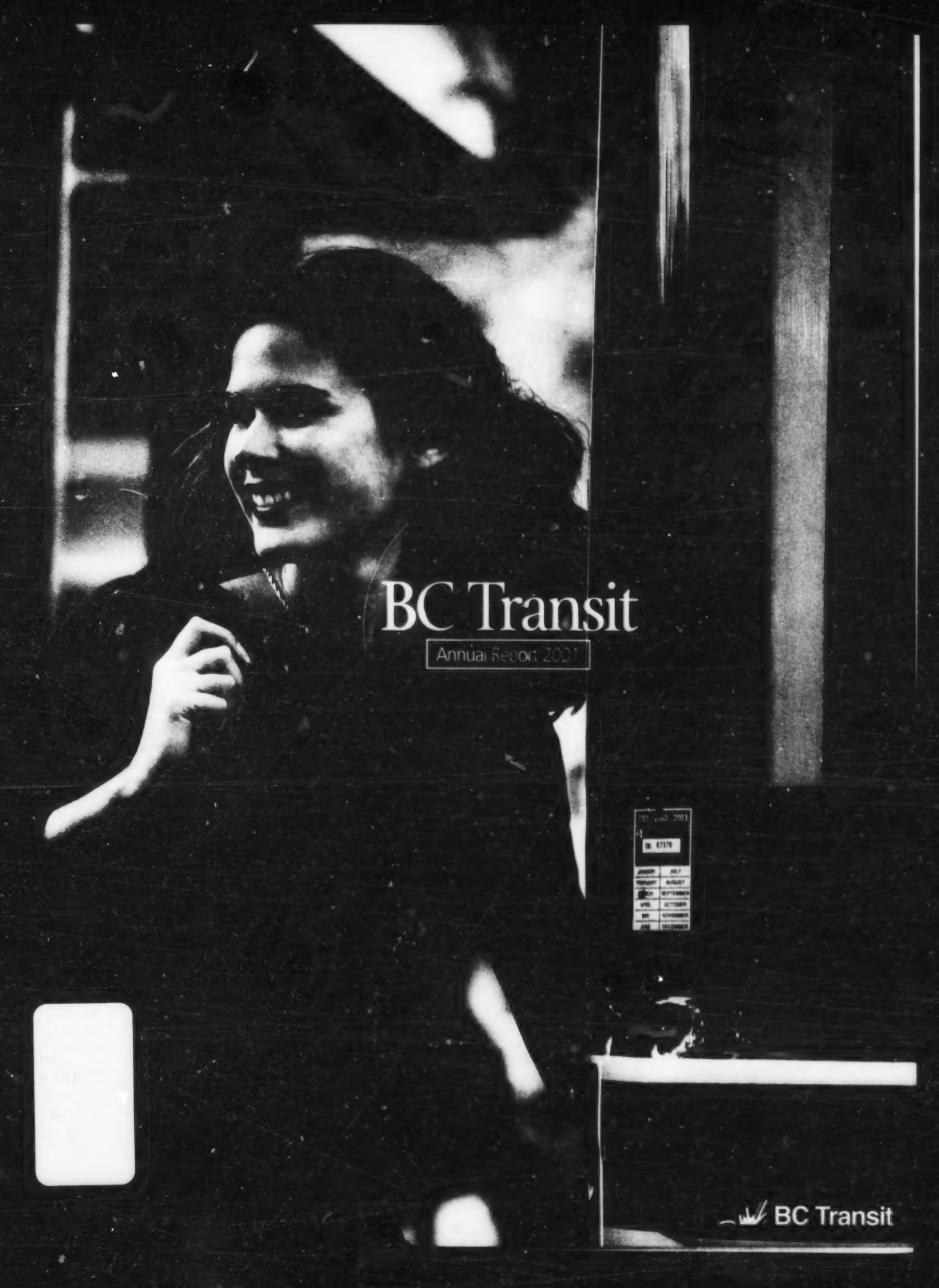

BC Transit

Annual Report 2001

BC Transit

His Honour,

The Honourable
Garde B. Gardom
Lieutenant-Govenor
of the Province of
British Columbia

May it Please Your Honour,

I respectfully submit the
Annual Report of
BC Transit for the
fiscal year ended
March 31, 2001

Judith Reid
Minister of
Transportation
Minister responsible
for BC Transit

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Mandate BC Transit is the provincial Crown agency charged with providing public transportation throughout the province outside of Greater Vancouver. BC Transit plans, funds, manages the fleet, markets and contracts for transit systems in 52 municipal service areas throughout British Columbia.

Corporate Profile

Public Transportation Vision

The Development Plan for BC Transit provides the policy framework for development of public transportation in the province. The benefits of transit include: providing essential mobility and a travel choice for all residents; reducing the costs of traffic congestion; contributing to improved air quality; and allowing for more compact urban development and deferral of the construction of expensive new roadways.

Throughout North America, it is widely recognized that a new public transportation paradigm for the 21st century is emerging. This paradigm has two essential characteristics. The first is a shift away from highway capacity expansion to transportation system management and expanded travel choices. The second is a consistent focus on the user's full trip, not simply individual segments of the trip.

Given this new paradigm, BC Transit will continually reassess and refine its services to better fit local market and community priorities. Improvements in the integration of all transportation modes - transit, automobile, cycling and walking - will be required, especially in areas

experiencing urban development pressures. Public transportation has a pivotal role to play in supporting regional development, preserving air quality and maintaining community livability.

Governance

A seven-member Board of Directors appointed by the province governs BC Transit. The BC Transit Act requires that four of the Board members be municipally elected representatives. The chair of the Board reports to a provincial cabinet minister.

In municipal service areas, service plans and budgets are approved in open sessions by municipal councils or regional district boards, which also set fares and raise the municipal share of transit costs. The BC Transit Board approves these operating and capital budgets, operating company selection and annual operating agreements, and designates transit service areas.

BC TRANSIT'S SCOPE

- **Access to transit services for 1.6 million people**
- **35 million rides taken in 2000/2001**
- **Annual operating budget of $108 million**

message from

Chair

BOARD OF DIRECTORS
(as of March 2001)

George Chen - Chair
Walter Gray
Judy Brownoff
Colin Kinsley
Heather Archer
Cheryl Tellier
Ray Rice

The year ending March 2001 was a time of growth, innovation and performance improvement for BC Transit. New transit systems or service expansions took place in more than a dozen communities, and ridership reached record levels in all program areas.

Board members played an important role during the annual Union of BC Municipalities (UBCM) convention, advancing the call for senior government support for public transit. These efforts culminated in a unanimous motion of support on the convention floor for a portion of the federal tax on motor fuel to be dedicated to urban transportation, for a change in tax policy to allow tax-exempt bus pass purchases and for continued provincial support that keeps pace with growth.

The Board of Directors and BC Transit staff will continue to work with the UBCM, the Federation of Canadian Municipalities, the Canadian Urban Transit Association, and other stakeholders in promoting a federal presence in transit funding.

The Board held meetings in the Prince George and Sunshine Coast areas to meet Municipal Systems Program partners including City Councils, operating companies, and local business representatives.

This year also saw the introduction of state-of-the-art transit vehicles and technology. During the summer, the first order of low-floor double deck buses from England were placed into regular service in Victoria. The new generation of mid-size low floor Dart buses were received in the last quarter of the year. New passenger counting equipment was implemented in Victoria and selected municipal systems, and new electronic fareboxes were installed on buses in Victoria, Kelowna, Whistler, Vernon and Abbotsford, with the start of testing on magnetic card readers just underway at year-end.

I continue to be thoroughly impressed with the energy and commitment of my colleagues on the Board, and we continue to enjoy working with a dedicated staff group managing and delivering high quality transit services in 52 communities in British Columbia including Victoria.

George Chen
Chair

message from

President & CEO

This year was an extraordinarily busy one for staff at BC Transit. Two new transit systems were implemented - a conventional system in Cranbrook and a paratransit system in the Pemberton Valley, connecting to Whistler - and services were expanded in more than a dozen municipal systems. The Municipal Systems Program now includes 67 transit operating agreements, covering the provision of conventional, custom, and paratransit services in 51 communities.

During the very successful hosting of the annual convention of the Canadian Urban Transit Association in June in Victoria, BC Transit was able to showcase its new accessible double deck transit buses.

The two-door, 35-foot Dennis Dart buses arrived later in the year. With their smaller size, more fuel-efficient engines, and better maneuverability, these vehicles offer considerable cost savings while being less intrusive in neighbourhoods.

Staff members worked on a number of initiatives that contributed to a broadening of BC Transit's mandate. This work included a study for the Ministry of Education on student transportation in British Columbia, with opportunities for integration of school bus and transit service identified in select areas. As well, BC Transit entered into a short-term arrangement to sustain the vanpool program of the Jack Bell Foundation outside the Lower Mainland and conducted a study to look at alternatives for longer-term vanpool program administration. For the Capital Regional District, BC Transit was asked to take a lead role in the development of the transportation strategy for the Regional Growth Strategy process.

Perhaps the most gratifying achievement was the setting of a new record for ridership and service productivity, with 19.6 million rides (including handyDART) in the Victoria Region and 15.6 million (including handyDART and paratransit) in the Municipal Systems Program. This represented the largest year-to-year increase in more than a decade.

R.H. Irwin
President and Chief Executive Officer

CUTA Conference

For the year 2000, BC Transit was the host of the Canadian Urban Transit Association (CUTA) annual conference, held in Victoria June 3-7. Planned to coincide with National Transportation Week, Environment Week and Clean Air Day Canada , the conference theme "Moving to a Healthier Environment," looked at how public transit is being called upon to play an increasingly important role in creating sustainable environments in communities across the country.

Over 400 delegates attended, taking part in keynote events, business sessions, committee meetings, social activities, and the 22nd Canadian National Bus Roadeo safe-driving competitions. Delegates were offered a ride on the new Dennis Trident double deck buses, custom built in England for the Victoria Regional Transit System fleet. A one-day seminar for delegates from the Municipal Systems Program was also held in conjunction with the conference.

Business Review

Technology

Automatic Passenger Counters

Automatic Passenger Counters were installed on 18 buses in Victoria over the course of the year and in five of the larger municipal systems, namely Kelowna Regional, Central Fraser Valley, Kamloops, Nanaimo Regional and Prince George. The APCs count passengers boarding and alighting and measure time and distance on the route. Information that was previously collected manually on a very small sample basis can now be collected regularly, providing greatly improved data for planning system changes and improvements.

Swipe Cards

In March 2001, a new stored value bus pass was introduced on the Whistler Transit System. The new technology uses a magnetic stripe card in association with the new electronic GFI fare boxes installed in 1999. Whistler "WAVE" cards can be purchased for 5, 10 or 20 trips or for a 30-day period. The Victoria Regional Transit System is planning to implement Swipe cards within the next year.

Introduction of 35-Foot Dart Buses

A total of 46 of the newly designed 35-foot Dart buses arrived from the factory for introduction in eight municipalities. Made in England by Dennis Specialist Vehicles, the 35-foot vehicles are similar in design to the 30-foot Dart introduced over the

last two years in many of the municipal systems. These mid-size buses are fully accessible, low floor vehicles, and are quieter, more economical, and more maneuverable than the average 40-foot transit bus.

The Darts were developed in response to the quest for smaller, more economical buses and by neighbourhood needs for quieter, more maneuverable vehicles. Based on a very popular design used in a number of European cities, these Darts were custom designed for BC Transit with significant input from transit staff.

A total of 28 of the 35-foot Darts were assigned to the Victoria fleet. Eighteen went to the conventional transit systems of Whistler, Kelowna, Prince George, Kootenay Boundary, Kitimat, and Prince Rupert, and one went to Castlegar's paratransit system, where the new bus also represented the introduction of accessible transit service.

Mechanical Safety Issue

On February 21, 2001, BC Transit issued an order that 94 buses be removed from service. The vehicles affected were all 1991-95 vintage New Flyer low floor buses in service in seven communities in British Columbia. The withdrawal order was due to the sudden steering loss that occurred when a front suspension radius rod broke on a Nanaimo-based New Flyer bus. The failure was similar to one that occurred the previous year in Kamloops.

Overnight, up to a quarter of the Kelowna, Kamloops, Prince George, Nanaimo and Victoria fleets, and over half of the Penticton and Sunshine Coast fleets were taken out of service. Replacement vehicles were provided and schedule disruptions were kept to a minimum as much as possible. Municipal Systems Program and BC Transit staff are commended for their immediate response to the crisis and their outstanding efforts in ensuring continued service.

The incident is still under investigation. In the meantime, New Flyer recommended the installation of new radius rods on all of the New Flyer buses.

Provincial Vanpool Program

BC Transit is evaluating options for the long-term stability and development of vanpooling in British Columbia. The Jack Bell Foundation, which has promoted and administered vanpooling throughout the Lower Mainland, Vancouver Island and other select locations since 1983, has made the decision to focus only on the Lower Mainland in partnership with TransLink. It is now BC Transit's mandate to sustain

and expand current operations on Vancouver Island and the Sunshine Coast and in Squamish/Whistler, as well as extend the program to other parts of the province where local policies supportive of travel options are in place.

Student Transportation Evaluation

During the year, the Ministry of Education contracted with BC Transit to review legislation, funding guidelines, and policy and procedures for the provision of student transportation services in British Columbia. BC Transit has identified potential improvements in business practice and operating logistics. The ministry is currently reviewing options for the implementation of the report's recommendations.

Fuel Contract

In May 2000, the corporation entered into a two-year fixed-price fuel contract when oil was priced at $22.61 a barrel. It is estimated that the contract resulted in savings of $2.3 million in 2000/01, based on current prices.

Cycling and Public Transit

In March 2001, the BC Transit Board approved a policy to include bike racks on all the new buses in communities that actively support cycling. BC Transit will share the cost of the bike racks with the municipalities. Cycling is a sustainable, environmentally friendly transportation option and combining cycling with transit gives riders more flexibility.

Multiculturalism Award

BC Transit received a Multiculturalism Award from the Ministry of Multiculturalism and Immigration for its work with the Mount Currie Indian Band and the Squamish-Lillooet Regional District to develop a transportation plan connecting workers from the high unemployment area of Mount Currie to employment opportunities in Whistler. The commuter-oriented service is part of the new Pemberton Valley Transit System.

Introduction of Double Deck Buses

In June 2000, BC Transit received shipment of the first double deck transit buses in North America, custom-designed for Victoria, with BC Transit staff actively involved in the design stage. The Tridents, made by Dennis Specialist Vehicles of Surrey, England, are 40 feet long, eight feet wide, and 14 feet tall, and can seat 84 people, more than double the seated capacity of the standard city buses.

Victoria Regional Transit System

The Trident double deck buses provide a cost-effective solution to the region's busiest bus routes by increasing capacity. Compared to a single deck, 40-foot bus, the Trident double deck provides a 120-per-cent increase in carrying capacity at a capital cost that is only 40 per cent higher. The Trident is low floor and fully accessible for wheelchairs and scooters as well as more maneuverable and provides greater comfort for riders.

The ten double decks are deployed at peak times on seven routes, including routes to the BC Ferries terminal, University of Victoria and Camosun College, and commuter destinations in the rapidly growing suburbs to the west and north of downtown. All the double deck buses have bike racks for those who prefer a transit-cycling combination.

Increase in handyDART Ridership

handyDART and Taxi Saver service continued to increase during 2000/01 and an additional van was added to the fleet in September. At year-end, handyDART ridership had increased by over 10 per cent while Taxi Saver ridership - which provides handyDART riders with a 50 per cent subsidy towards the cost of taxi rides - was up over 32 per cent.

Service Adjustments

Service and schedule changes were made to a number of routes in the Victoria Regional Transit System to improve performance and ridership. Routing changes were made on the #1 Richardson/Willows and #2 Oak Bay/Gonzales to improve access to the north end of downtown. The other route change, via an extension of the #25 Maplewood/Munro, improves connections between the Western Communities and View Royal, Esquimalt, and Dockyard.

CRD Regional Growth Strategy

BC Transit has been asked by the Capital Regional District to take a lead role in the development of a Regional Transportation Strategy. To date, transit staff have produced a work plan and project management structure. The primary objective of the project will be to develop and articulate a clear, publicly supported statement of the directions that transportation system development should take over the next twenty years in the CRD.

Operations and Maintenance Reorganization

The department was reorganized in order to flatten the management structure and improve internal communications. Through this reorganziation, more personalized support and communications is provided to the front line operating staff. In Maintenance, the results of this change include the removal of one level of management, more direct communication to shop staff, and a means to better coordinate fleet maintenance activities both in the short and longer terms.

In the Accident Prevention and Security department, the security functions were reassigned within the organization so that the department can now focus on its two core functions of safety and training.

Code of Conduct Implemented

A Code of Conduct , developed last year by BC Transit employees to define what was meant by respect in the workplace, was successfully introduced to all employees. Supervisors and seven employee facilitators received training in conflict resolution methods that can be used in the workplace.

Pay Equity

With the implementation of the new job evaluation plans completed, BC Transit's pay equity program is now in place for all salaried employees, including management.

Human Resources On-Line

As part of the BC Transit web site, a Human Resources web page was developed. Employment opportunities can now be viewed on-line and applications submitted electronically. The web page is supplemented with the use of national and specialized web sites for certain targeted and difficult-to-fill positions.

New Ridership & Service Productivity Record

- 19.6 million rides in the Victoria region
- The largest year-to-year increase in more than a decade.

9839

Ridership and Performance

The Municipal Systems Program experienced another excellent year in terms of ridership and performance. On conventional transit, revenue passengers totalled 14.5 million, up 7.2 per cent from last year's figure of 13.5 million. On custom transit and paratransit, there were a total of 1,110,000 revenue passengers, up 8 per cent from the previous year. Most of the 8 per cent increase in passengers came from the paratransit systems.

Municipal Systems Program

New Transit Systems

Cranbrook Conventional Transit System

Prior to December 1, 2000, the City of Cranbrook at a population of 18,000, was the largest municipality in the province without conventional transit service. The Cranbrook Conventional Transit System, implemented on that day, provides 30-minute service on the major travel corridors and hourly service on neighbourhood collector service. The system, with a fleet of four 30-foot, fully accessible low floor Dennis Dart buses, runs seven days a week with limited service on Sundays.

The transit system is targeted at students attending the secondary school and the College of the Rockies, with timed connections for all major start and finish times at both institutions. In addition, service focuses on social/recreation, medical/dental and shopping trips. With 30-minute service on the main trunk routes, it is anticipated a gradual build up of a commuter market will take place over the first two years.

Pemberton Valley Transit System

The fall of 2000 saw the introduction of public transportation into the Pemberton Valley. Implemented October 10, the new system includes two components to provide new transportation options to the valley. There is a local paratransit service between Mt. Currie and Pemberton, mostly aimed at seniors, persons with disabilities, and youth. There is also a commuter-oriented service between Mt. Currie/Pemberton and Whistler. The commuter service operates every day and is designed to match work start and stop times at Whistler. This commuter service is delivered under a unique blend of conventional transit service and an innovative arrangement with Greyhound.

Anniversary

On March 7, 2001, Fort St. John Transit celebrated 20 years of transit service by hosting a reduced-fare day and public reception. Since 1981, public transit has become an important transportation option, with students making up the majority of riders.

Feasibility Studies

In 2000/01, BC Transit completed a transit feasibility study for the Thompson Nicola Regional District and the District of Lillooet. The study area included Ashcroft, Cache Creek Clinton, Lytton, Lillooet and nearby rural areas. The focus of the study was seniors, youth and persons with disabilities. An innovative service design has been approved, using existing and new transportation resources, based on local needs.

Transit Business Plans

Comox Valley

The Comox Valley Regional District approved its transit business plan in January 2001. Its first-year focus is on providing consistent hourly service on core routes and extending service to the Little River and the Buckley Bay ferry terminals.

Kamloops

The City of Kamloops approved its Official Transit Plan in November 2000. It supports TravelSmart, a City of Kamloops program to link land use and transportation planning and reduce the need for additional roadways in the city.

Cowichan Valley

The Cowichan Valley Regional District approved its long-range transit business plan in August 2000.

Regional Growth Strategies

The City of Kelowna and the Central Okanagan Regional District have coordinated their municipal planning and transportation planning processes to support a Transportation Demand Management (TDM) Plan for the region. The TDM Plan, which is in draft form as of the end of the fiscal year, includes the draft KelTransit 2017 document prepared by BC Transit, and other TDM policies and directives of the region.

Request For Proposals Process to Select Transit Management Companies

During 2000/01, Request for Proposals were issued for the Campbell River conventional and custom transit systems, Central Fraser Valley custom, Kitimat

conventional, Kootenay Boundary and Castlegar Regional conventional and para-transit, Penticton conventional, Okanagan-Similkameen paratransit, Port Alberni conventional, and Prince George conventional. Township Transit Inc., the current operating company of the Central Fraser Valley Conventional Transit System, was awarded the contract for the Central Fraser Valley Custom Transit System. All other system contracts were awarded to incumbent operators.

Travel Training

A three-day Travel Training workshop was held in Vernon at the end of March 2001, attended by transit system representatives from Prince George, Kelowna, Kamloops and Vernon. The purpose of Travel Training is to provide the required information and skills to people who might otherwise not use conventional transit, including current handyDART users who could switch some or all of their travel to the accessible conventional bus service.

Transit Awareness Campaigns

"Love Your Bus" Campaign

This year's Valentine's Day was memorable for passengers on the twenty British Columbia municipal transit systems that participated in the "Love Your Bus" campaign. All passengers received a chocolate heart from their bus driver and buses were decorated with paper hearts and balloons sporting the slogan "I Love Transit." Many of the transit systems hosted a draw and some involved school children in decorating the hearts or partnered with the community in other ways.

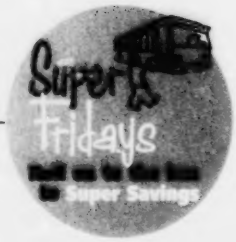
Beach Bus in Kelowna

The Beach Bus Campaign 2000 built on a similar 1999 campaign to promote the use of transit in reaching popular beaches while enjoying Kelowna's "beach culture" along Okanagan Lake. A local radio station co-sponsored the summer campaign, five others were enlisted to take part in a "transfer coupon" promotion, and bus advertising and a Beach Bus brochure were developed.

The campaign was launched with a media event at the downtown transit exchange, followed by a "beach crawl" to and from a popular local beach, broadcast live on radio and featuring giveaway prizes and coupons. The Beach Bus was decorated with grass skirts, beach balls, sand pails and balloons, and bus drivers were decked out in Hawaiian shirts. Over the course of the summer, two more beach crawls took place and the Beach Bus also participated in the Kelowna Regatta Parade. By the end of the summer, ridership had increased by 14 per cent.

Super Fridays in Powell River

In order to increase ridership on the Friday evening service, the Powell River Regional Transit System aimed its promotion at students, the largest rider group. On "Super Fridays", bus drivers gave out "super coupons" that offered discounts at food outlets and fun activities located on the major bus routes. The promotion ended with a live-on-radio "Super Friday Summer Bash."



Transit Ambassador Program in Kelowna

In June, the Kelowna Regional Transit System launched a transit ambassador program, selecting five bus drivers to be spokespersons in the community, with a mandate of promoting transit as a crucial element in planning for a sustainable future. Over the course of the year, the five ambassadors spoke to over 2800 people at 18 events. Bus drivers compete for the ambassador positions and continue to drive on regular bus service when not participating in the program.

Transit Systems in 11 communities expanded their services in 2000/01

Conventional

Cowichan Valley

January 8, 2001

1700 additional service hours and one low floor Dart bus. Additional trips linking Duncan with Lake Cowichan to the west and Cowichan Bay/Shawnigan Lake to the south. Serving students and commuters.

Kelowna Regional

September 2000 & March 2001

Additional overload hours to handle increasing school demand, and additional bus for schedule maintenance to address increased passenger loads.

Whistler

May 2000 & November 2001

Three new 35-foot low floor Dart buses plus one spare. Frequency improvements to all routes in the peak winter season. Extended peak hour service to new developments at Whistler Creekside Town Centre.

Prince George

September 5, 2000

New service for the just opened Heather Park Middle School with an enrollment of 800 students.

Kootenay-Boundary

February 5, 2001

Due to the opening of a middle school in Trail, a four-hour expansion (with an overload bus) per school day to accommodate increased numbers of passengers on existing school trips.

Paratransit

Hazeltons' Region

March 26, 2001

Service expansion to provide system with more trips and a more consistent, convenient schedule. Improved service for seniors and persons with a disability.

Williams Lake

July 3, 2000

Extension of fixed-route and handyDART service to the South Lakeside area. Additional commuter service on weekdays. Routing and scheduling efficiencies to benefit high school and college students.

Nelson - Slocan Valley

September 5, 2000

February 5, 2001

Extension of route further up Highway 6 to Slocan City. Extra service with an additional minibus to accommodate increasing demand.

Castlegar

February 5, 2001

More direct and frequent service to Selkirk College, and additional hours of handyDART service to meet growing demand.

Custom

Kitimat

Taxi supplement budget expanded by $42,300 to provide for cost sharing of 4,500 additional rides, nearly doubling system's capacity

Penticton

July 31, 2000

Taxi supplement and Taxi Saver introduced into system

Kelowna

October 10, 2000

$60,000 increase to taxi supplement budget, to accommodate demand and allow for service to more dispersed market

Clean Air Day 2000

Provincial

BC Transit, along with the provincial Ministry of Environment, Lands and Parks, Environment Canada's Climate Action Fund (CCAF), and the Go Green network of partner agencies joined together to celebrate the province of British Columbia's ninth Clean Air Day(CAD). Activities included bike-to-school challenges, a bike and walk day, bike maintenance clinics, and free transit with CAD buttons. BC Transit coordinated the promotion materials and arranged for display space on the buses.

Federal

BC Transit was also a partner in the Clean Air Day Canada campaign, along with Environment Canada, Transport Canada, the Canadian Urban Transit Association (CUTA) and Bombardier. As host for the CUTA conference, with the final day of the conference being Clean Air Day, BC Transit hosted activities that included demonstrations of alternate fuel sources and displays of healthy travelling choices.

Environmental Initiatives

Fuel Cell Bus Engines

BC Transit received funding to buy three new generation fuel cell bus engines from XCELLSIS Fuel Cell Engines. XCELLSIS will test and evaluate the engines, allowing BC Transit, Translink, and XCELLSIS to further explore the potential of fuel cell technology with respect to heavy-duty engines for use in transit buses.

A fuel cell bus engine produces electricity from hydrogen, silently, without combustion and with zero emissions. Using fuel cell buses, in place of internal combustion engines, would significantly reduce greenhouse gas emissions and improve local air quality. The project demonstrates B.C.'s leadership role in climate change mitigation, not only in North America but globally.

The $4,575,000 in funding is through the Western Economic Partnership Agreement (WEPA) which is investing $13 million in the fuel cell industry.

Central Fraser Valley Transit Facility

The new Central Fraser Valley transit operations and dispatch centre has all the environmental features that BC Transit has installed in its other transit centres built in recent years. On the paved transit site, storm water run-off rates are controlled by on-site detention and water treatment involves a two-part filtration process. Oil, grease and chemical waste are completely separated from wastewater and pumped to double walled storage tanks for recycling.

Before the land could be developed, it was necessary to get approvals from the provincial Ministry of Environment, Lands and Parks (MELP) and the federal Department of Fisheries and Oceans (DFO) to clear the site of all vegetation and divert two existing streams. An agreement was negotiated: the two streams could be filled if a new fish-spawning channel was developed alongside the site. Within a month, the spawning area had been constructed, complete with three deep holding pools and vegetation planted along the watercourse. Young steelhead and cutthroat trout have arrived to spawn and coho salmon are expected as well.

Victoria Transit Centre

This year, two environmental upgrades at the Victoria Transit Centre were completed. Three 5,000-gallon in-ground diesel fuel tanks located at the centre were removed and replaced with aboveground, double-walled storage tanks. The tanks were installed between 1965 and 1982 and due to their age, it was recommended that they be replaced.

The second project was to complete the work on the yard drainage system, re-routing all yard drainage to the water treatment facility, thereby ensuring the highest quality of waste water leaving the site, particularly during the yearly site cleaning or in the event of a spill.

The Environmental Case for Public Transit

Investments in transit make sense: economically, socially, environmentally

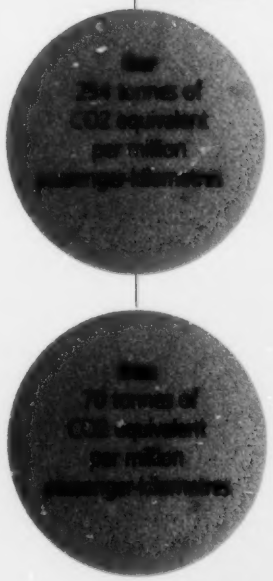
- 75 per cent of Canadians feel air pollution is affecting their health - and they are right. 16,000 Canadians die prematurely each year as a result of high pollution levels and poor air quality. The number of children hospitalized for pneumonia and bronchitis in the summer months increases by 20 percent when pollutant levels rise. Car-related health costs in Canada are now estimated to be over a billion dollars annually.

- Six of the seven major air pollutants come from cars and light trucks, with the average car emitting four tons of pollutants every year. The number of automobiles on the roads of Canada has more than doubled in the past 20 years and continues to grow.

- A single bus can carry as many people as 40 to 50 cars, with emissions per passenger-kilometre close to one-quarter of the level of cars. As an example of the beneficial impacts of transit, the air pollution levels in a large Canadian city were 20 per cent higher than normal during a recent period without transit service.

- Transit can and should be one of the key public strategies for cleaner air and reducing the risk of climate change from greenhouse gas emissions.

Where do air pollutants come from?



From The Environmental Case for Public Transit, published by the Canadian Urban Transit Association

U-PASS Program

The U-PASS program at the University of Victoria and Camosun College completed its second successful year with ridership 50% higher than two years ago. Students at both UVic and Camosun voted to renew the U-PASS agreement with BC Transit and make the program a permanent feature of the two institutions.

Royal BC Museum - Circus Magicus

Both prior to and during the event, BC Transit was pleased to be one of the sponsors of the Circus Magicus Exhibit at the Royal British Columbia Museum. The back of Victoria's newly arrived first double deck bus sported the Circus Magicus banner as it traveled its route, advertising to locals and tourists alike. BC Transit also worked with the museum to help with media relations and promotional opportunities.

Whistler Reunion Partnership

In April 2000, BC Transit partnered with ICBC in a Get Home Safe campaign for the Whistler Reunion 2000, which marked the Resort Municipality of Whistler's 25th anniversary of incorporation. BC Transit and ICBC worked closely with the municipality to promote the campaign and ensure that guests had alternative transportation for getting home. The Get Home Safe program provided two complimentary Whistler and Valley Express (WAVE) transit tickets to the first 15,000 Whistler Reunion 2000 registered guests and encouraged participants to leave their cars at their hotels and take the WAVE to event locations.

reunion 2000 WHISTLER

Ride Kind/Drive Kind

To usher in World Kindness Day 2000, the Victoria Kindness Group, in partnership with BC Transit and ICBC, re-launched their highly successful 1996 Ride Kind/Drive Kind campaign - an initiative that recognizes the direct relationship between kindness, courtesy and road safety.

Elementary students were invited to create posters depicting the importance of kindness in promoting road safety. Selected artwork and slogans were then displayed on 210 buses and were seen by as many as 70,000 bus riders daily.

Performance Report

Performance and Financial Summary
Victoria Regional Transit System

The Victoria Regional Transit System carried 19.3 million passengers on the conventional systems, up 5.0% from the previous year. A total of 227,000 handyDART passengers were carried, and a further 67,000 rides by taxi, for a total of 294,000 custom passengers.

Service hours delivered increased 0.8% over the previous year with growth primarily in the suburbs and to educational institutions.

The following tables give the performance indicators for both the conventional and custom service in the Victoria region:

Conventional	**97/98**	**98/99***	**99/00**	**00/01** Target	**00/01** Actual	**01/02** Target
Revenue Passengers (Millions)	17.7	17.1	18.4	18.7	19.3	19.2
Revenue Passengers per Service Hour	32.1	30.5	30.7	31.1	32.0	31.4
Service Hours (thousands)	550.73	559.13	598.06	602.00	603.20	612.31
Operating Cost per Service Hour	$66.91	$70.23	$70.25	$72.49	$71.97	$73.34
Operating Cost per Revenue Passenger	$2.09	$2.30	$2.29	$2.33	$2.25	$2.33

* eight day strike March 1999

Custom	**97/98**	**98/99**	**99/00**	**00/01** Target	**00/01** Actual	**01/02** Target
Revenue Passengers (Millions)	.24	.25	.26	.32	.29	.37
Revenue Passengers per Service Hour	3.4	3.2	3.1	3.4	3.1	3.7
Service Hours (thousands)	71.4	79.0	85.0	94.3	93.6	99.5
Operating Cost per Service Hour	$42.26	$41.93	$43.25	$45.35	$44.29	$47.59
Operating Cost per Revenue Passenger	$12.54	$13.11	$14.13	$13.35	$14.10	$12.86

Municipal Systems Program

The tables below present key performance indicators for the conventional transit, custom transit and paratransit in the Municipal Systems Program.

Municipal Systems carried 15.6 million revenue passengers, which is an increase of 7.6% from the previous year. This was achieved with an increase of 2.5% in service hours. The combined effect resulted in revenue passengers per service hour ratio improvement of 4.6% over 1999/2000.

Conventional	**97/98**	**98/99**	**99/00**	**00/01** Target	**00/01** Actual	**01/02** Target
Revenue Passengers (Millions)	11.5	12.4	13.5	13.8	14.5	14.7
Revenue Passengers per Service Hour	20.1	20.6	21.6	21.5	22.7	21.8
Service Hours (thousands)	571.13	604.00	625.26	640.03	638.6	673.23
Operating Cost per Service Hour	$60.03	$59.95	$61.38	$64.11	$63.91	$63.75
Operating Cost per Revenue Passenger	$2.99	$2.92	$2.84	$2.98	$2.82	$2.92

Custom/Paratransit	**97/98**	**98/99**	**99/00**	**00/01** Target	**00/01** Actual	**01/02** Target
Revenue Passengers (Millions)	.89	.94	1.01	1.04	1.13	1.20
Van Passengers per Hour	4.0	4.1	4.2	4.0	4.5	4.3
Service Hours (thousands)	200.1	208.8	215.5	226.7	223.3	240.73
Operating Cost per Service Hour (van)	$40.83	$41.97	$43.75	$43.51	$45.08	$45.46
Operating Cost per Revenue Passenger	$9.71	$9.84	$9.92	$10.15	$9.57	$9.92

2000/2001 Funding Sources - $110.21 Million

Expenditures for the year ended March 31, 2001 were 110.21 million. Operating costs made up $99.30 million (90.1%) of the total expenditures; debt servicing costs for assets in service made up the remaining $10.91 million (9.9%).

Operating revenue (primarily passenger fares) provided $37.31 million (33.8%) of the total funding. Direct provincial government contributions provided $42.72 million (38.8%) of the total funding. Municipal governments, using available tax sources, contributed $27.13 million (24.6%). These tax sources include general property taxation, and in the Victoria region, a 2.5 cent/litre fuel tax.

Assessment of Performance against Objectives 2000/01

Corporate Performance 2000/01

Following is an overview of corporate performance against objectives for 2000/01.

Strategic Objectives - 2000/01	Overview of Results
Leadership in planning effective public transportation systems	• Increases in ridership and service effectiveness in all program areas (see summary below) • Student transportation study for Ministry of Education and integration of transit and school bus services in select areas • Travel Demand Management (TDM) partnership programs with post secondary education, major employers and municipalities • Approval of long-range Transit Business Plans in Kamloops, Cowichan Valley and Comox Valley
Safety of customers, fleet and facilities	• Outstanding vehicle and passenger safety results continued - accident rates are among the lowest in North America
Positive labour relations	• Productive committee structure at BC Transit
Efficient and effective use of resources	• New vehicles with greater fuel efficiency • The two-year fixed price fuel contract will result in total savings of at least $2.3 million per annum. • Increase in rides/hour • Cost/hour below budget and general CPI trends • Competitive bidding in nine municipal systems; one system changed operating company management.

Ridership and Service Effectiveness 2000/01

The following table gives a summary of performance against objectives for the Victoria Regional Transit System and the Municipal Systems Program.

Performance Indicators
Victoria Regional Transit System (00/01)

Conventional	Target	Actual
Passengers(millions)	18.7	19.3
Passengers/hour	31.1	32.0
Operating cost/hour	$72.49	$71.97
Total cost/ride	$2.62	$2.49

Custom	Target	Actual
Total passengers(000s)	320	294
Van passengers/hour	2.7	2.6
Operating cost/hour	$45.35	$44.29
Total cost/ride	$13.86	$14.61

Performance Indicators
Municipal Systems Program(00/01)

Conventional	Target	Actual
Passengers(millions)	13.8	14.5
Passengers/hour	21.5	22.7
Operating cost/hour	$64.11	$63.91
Total cost/ride	$3.27	$3.08

Custom	Target	Actual
Total passengers(000s)	1,044	1,131
Van passengers/hour	4.0	4.5
Van operating cost/hour	$43.51	$45.08
Total cost/ride	$10.74	$10.00

In the Victoria Regional Transit System, conventional ridership of 19.3 million exceeded the forecast by 585,000 passengers. Custom transit ridership of 294,000 represented an increase over the previous year but fell 26,000 rides short of the original target. This drop in rides was due to the transfer of half of the proposed expansion funding to the Taxi Saver Program. As a result, taxi-saver coupon access for each handyDART client increased to a maximum level of $60 every month (from $60 every 2 months).

In the Municipal Systems Program, conventional transit ridership achieved a level of 14.5 million rides, 553,000 higher than targeted. Strong custom and paratransit ridership of 1.1 million exceeded the target by 103,000 passengers.

Looking ahead, BC Transit's external economic and operating environment will be characterized by a range of issues and trends that represent both opportunities and challenges. These include:

- Global warming and public transportation
- Pursuing senior government support for urban transportation
- Rising fuel costs
- Interest in new arrangements for transportation governance
- Securing governmental and public support for needed investments in public transportation
- A changing market with increasing expectations
- New technology opportunities
- Travel as a reflection of GDP growth

For a detailed discussion of Key Strategic Issues, see the BC Transit Performance Plan Fiscal Years 2001/02 - 2003/04 on the website www.bctransit.com

Corporate Performance Targets

Corporate performance targets for the year 2001/02 are summarized below

Corporate Strategies 2001/02 - 2003/04	Performance Targets 2001/02
Service plan development	• Production of CRD Regional Transportation Strategy • A new multi-year Service Development and Funding Plan for the Victoria Region • Major expansion in Municipal Systems Program
Facilities & Fleet	• Delivery of 18 new double deck buses and 17 DART mid-size coaches • A new facility in Whistler, a major upgrade in Victoria, and an assessment of a replacement facility in Kamloops
Workforce development	• Preparation of a new Workforce Development Plan following results from the American Public Transportation Association Workforce Development Initiatives Task Force • Custom/paratransit "train the trainer" in Municipal Systems Program - Spring 2001 • Annual Municipal Systems Program Management Seminar - October 2001
Labour relations	• No loss of service through labour disruption • Implementation of new collective agreements • continuation of the corporative committee structure.
Governance	• Discussions ongoing in CRD and Central Okanagan
Transportation demand & transportation supply management	• Transit Demand Management (TDM) partnerships to be developed with post secondary institutions in Kamloops, Kelowna and Prince George • Joint work with CRD and other municipalities on development of regional TDM program • Vanpooling Program administration finalized to set long term structure for province-wide development • Cycling and Public Transit Program implemented.
New technology implementation	• Initiation of fuel cell engine testing program with XCELLSIS • Implementation of new magnetic tariff (farebox) systems • Updated Financial and Human Resources systems • Website developed in Municipal Systems Program and expanded in Victoria with local information for all communities.

Financial Report

Audited Financial Statements of BRITISH COLUMBIA TRANSIT

Year ended March 31, 2001

Report of Management

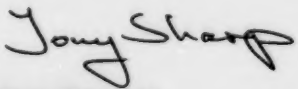
Year ended March 31, 2001

The financial statements of British Columbia Transit ("BC Transit") have been prepared by management in accordance with accounting principles which are appropriate for the company and generally accepted in Canada. A precise determination of many assets and liabilities is dependent upon future events and consequently, the preparation of periodic financial statements necessarily involves the use of management's judgment in establishing the estimates and approximations used. The financial statements have, in management's opinion, been properly prepared within the framework of the accounting policies summarized in the notes to the financial statements.

BC Transit's system of internal controls is designed to provide reasonable assurance that assets are safeguarded, transactions are properly recorded and executed in accordance with management's authorization, financial information is reliable and ethics codes are observed. Inherent to the concept of reasonable assurance is the recognition that there are limits in all internal control systems and that system costs should not exceed the expected benefits. The system includes the selection, training and development of qualified personnel, organizational division of responsibilities, appropriate delegation of authority and formal written company policies and procedures including the conflict of interest policy of all BC Transit officers and employees. The Board of Directors meets regularly with management and the external auditors to satisfy itself that the company's systems of internal control is adequate.

Management is responsible for all of the information in this Annual Report. Financial information presented elsewhere in this Annual Report is consistent with that in the financial statements.

R.H. Irwin
President and Chief Executive Officer



Tony Sharp, CA
Vice President, Finance & Administration
& Chief Financial Officer

Auditors Report

To the Members of the Board of Directors of British Columbia Transit

We have audited the balance sheet of British Columbia Transit as at March 31, 2001 and the statements of operations and accumulated surplus, contributed surplus, cash flows and changes in Victoria Regional Transit Fund for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Victoria, Canada
May 25, 2001

Balance Sheet

YEAR ENDED MARCH 31, 2001, WITH COMPARATIVE FIGURES FOR 2000 ($000)

	2001	2000
Assets		
Current assets:		
Cash and short-term investments	$ 13,118	$ 18,576
Accounts receivable:		
Province of British Columbia	—	2,557
Municipalities	5,284	4,989
Trade and other	3,420	3,168
Parts inventory	3,107	2,645
Prepaid expenditures	841	955
	25,770	32,890
Debt sinking funds (note 3)	9,811	10,832
Deposits on capital projects in progress (note 4)	6,410	10,343
Capital assets (note 4)	142,510	121,512
Capital assets under lease (note 5)	992,786	1,002,455
Investment in BC Transit Captive Insurance Company Inc.	20	20
	$ 1,177,307	**$ 1,178,052**
Liabilities and Equity		
Current liabilities:		
Accounts payable to Province of British Columbia	$ 75	$ —
Accounts payable and accrued liabilities	19,503	15,168
Current portion of long-term debt	10,121	3,236
Current portion of obligations under capital leases	11	11
	29,710	18,415
Notes payable (note 6)	17,623	36,847
Long-term debt (note 7)	56,199	48,724
Obligations under capital leases (note 8)	270	282
Deferred contributions (note 9)	3,321	2,271
Deferred capital contributions:		
Capital assets	63,735	55,315
Capital assets under lease	920,037	929,706
	1,090,895	1,091,560
Equity		
Contributed surplus	84,515	84,595
Accumulated surplus	1,897	1,897
	86,412	86,492
Pension liability (note 11)		
Commitments (note 12)		
Contingent liabilities (note 13)		
	$ 1,177,307	**$ 1,178,052**

See accompanying notes to financial statements.
Approved on behalf of the Board:

GEORGE CHEN, CHAIR OF BC TRANSIT:

JUDY BROWNOFF, DIRECTOR:

Statement of Operations and Accumulated Surplus

YEAR ENDED MARCH 31, 2001, WITH COMPARATIVE FIGURES FOR 2000 ($000)

	2001	2000
Revenue:		
Operations	$ 37,310	$ 34,580
Investments	601	699
	37,911	35,279
Expenditures:		
Operations and maintenance	81,537	76,726
Administration	16,207	15,954
Interest on long-term debt	4,965	3,453
Other interest	215	167
Amortization of capital assets	5,946	6,004
Property leases and taxes	1,343	1,226
	110,213	103,530
Recoveries:		
Contributions from the Province of British Columbia	42,716	39,903
Contributions from municipalities (note 9)	27,134	25,292
Amortization of deferred capital contributions - capital assets	2,405	3,109
Amortization of contributed surplus to offset amortization charged on contributed assets	80	15
	72,335	68,319
Net revenue from transit operations	33	68
Other:		
Amortization of capital assets under lease	(10,144)	(15,405)
Amortization of deferred capital contributions - capital assets under lease	10,144	15,405
Loss on disposal of capital assets	(33)	(68)
	(33)	(68)
Net revenue for the year	—	—
Accumulated surplus, beginning of year	1,897	1,897
Accumulated surplus, end of year	**$ 1,897**	**$ 1,897**

See accompanying notes to financial statements.

Statement of Contributed Surplus

YEAR ENDED MARCH 31, 2001, WITH COMPARATIVE FIGURES FOR 2000 ($000)

	2001	2000
Balance, beginning of year	$ 84,595	$ 84,610
Amount transferred to net revenues to offset amortization charged on contributed assets	(80)	(15)
Balance, end of year	**$ 84,515**	**$ 84,595**

See accompanying notes to financial statements.

Statement of Cash Flows

YEAR ENDED MARCH 31, 2001, WITH COMPARATIVE FIGURES FOR 2000 ($000)

	2001	2000
Cash provided by (used for):		
Operations:		
Net revenue for the year	$ —	$ —
Items not involving cash:		
Amortization of capital assets	5,946	6,004
Amortization of capital assets under lease	10,144	15,405
Amortization of deferred capital contributions	(12,549)	(18,514)
Amortization of contributed surplus	(80)	(15)
Loss on disposal of capital assets	33	68
Net change in non-cash operating working capital	7,122	9,389
	10,616	12,337
Investing:		
Deposit on capital projects in progress	3,933	(5,543)
Proceeds from sale of capital assets	41	179
Additions to capital assets	(27,018)	(16,912)
Additions to capital assets under lease	(475)	—
	(23,519)	(22,276)
Financing:		
Increase (decrease) in capital leases	(12)	293
Increase (decrease) in notes payable	(19,224)	24,348
Increase (decrease) in long-term debt	14,360	(5,012)
Decrease (increase) in debt sinking funds	1,021	(1,467)
Increase in deferred capital contributions	11,300	10,925
	7,445	29,087
Increase (decrease) in cash position	(5,458)	19,148
Cash and short-term investments, beginning of year	18,576	(572)
Cash and short-term investments, end of year	**$ 13,118**	**$ 18,576**

See accompanying notes to financial statements.

Statement of Changes in Victoria Regional Transit Fund

YEAR ENDED MARCH 31, 2001, WITH COMPARATIVE FIGURES FOR 2000 ($000)

		2001		2000
Fund balance, beginning of year	$	1,903	$	2,327
Revenue				
Gas tax		7,311		7,810
Property tax		5,566		5,484
Interest earned		109		132
		12,986		13,426
		14,889		15,753
Contributions		(14,049)		(13,850)
Fund balance, end of year	**$**	**840**	**$**	**1,903**
Fund balance represented by:				
Cash and short-term investments	$	840	$	1,903

See accompanying notes to financial statements.

Notes to Financial Statements

YEAR ENDED MARCH 31, 2001 (TABULAR AMOUNTS IN $000'S)

1. Purpose:

British Columbia Transit ("BC Transit") was established under the British Columbia Transit Act, as amended in 1998, to operate the urban transit systems in the Province of British Columbia outside the Greater Vancouver Regional Service area. In 2001, BC Transit recovered 46.00% (2000 - 48.42%) of its expenditures from the Province of British Columbia with the balance from transit operations and municipalities.

BC Transit, on behalf of the Victoria Regional Transit Commission, is responsible for the administration of all funds raised by certain tax levies. The financial position and changes during the year in the funds are set out in the statement of changes in Victoria Regional Transit Fund.

2. Summary of significant accounting policies:

The accompanying financial statements are prepared in accordance with Canadian generally accepted accounting principles appropriate for BC Transit. The significant accounting policies are set out hereunder:

(a) Parts inventory:

Parts inventory is valued at the lower of cost, on a first-in first-out basis, and replacement cost.

(b) Debt sinking funds:

Debt sinking funds, consisting of pooled investment portfolios and Canada, provincial government and Crown corporation bonds, are recorded at the lower of amortized cost or market, with any premium or discount on purchase being amortized over the term to maturity of each investment.

(c) Capital assets:

(i) All capital assets, except those noted in (ii), (iii) and (iv), are recorded at cost, including capitalized interest as described in note 2(e).

(ii) Capital assets transferred from the Province of British Columbia are recorded at their appraised value. These appraisals were carried out at various dates between June 30, 1979 and August 18, 1987.

(iii) Capital assets acquired from BC Hydro are recorded at their appraised value. These appraisals were carried out at various dates between March 1, 1980 and April 1, 1982.

2. Summary of significant accounting policies (continued):

(c) Capital assets (continued):

(iv) Amortization is provided on the basis that results in a matching of these charges with BC Transit's statutory power to recover the cost of the related assets. Contributed assets are not subject to recovery and are amortized over their estimated useful lives. All assets are amortized by the sinking fund method over a period not exceeding their estimated remaining useful lives. Land is not subject to amortization. The assessment of net recoverable amounts is determined by applying the applicable deferred capital contributions to capital costs.

(d) Investment in BC Transit Captive Insurance Company Inc.:

BC Transit's 10% interest in BC Transit Captive Insurance Company Inc. is reflected on the cost basis of accounting.

(e) Capitalization of interest:

Interest incurred in connection with capital acquisitions from the date of advance of funds until the assets are placed in service for transit purposes is capitalized. Interest of $.17 million (2000 - $.50 million) was capitalized during the year ended March 31, 2001.

(f) Amortization of bond discounts:

Bond discounts are amortized on a straight-line basis over the term of the debt.

(g) Amortization of contributed surplus:

Contributed surplus (appraisal increase credits) is being amortized and reflected in net revenue at an amount equal to the amortization charged on those assets for which BC Transit does not have statutory power to obtain full recovery from operations.

2. Summary of significant accounting policies (continued):

(h) Deferred capital contributions:

Deferred capital contributions include the unamortized portions of capital asset contributions. Loans for capital projects are provided by prepaid capital advances from the Province. These prepaid capital advances are recorded by BC Transit as deferred capital contributions and are recognized in the statement of operations and accumulated surplus on the same basis as the related assets are amortized. This matches the amortization of the deferred capital contributions with the expenditures incurred through amortization of the capital assets acquired with the funds.

(i) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reported period. Significant areas requiring the use of management estimates relate to the determination of amortization, accounts payable and accrued liabilities. Actual results could differ from the estimates. Adjustments, if any, are reflected in operations in the period of settlement.

3. Debt sinking funds:

Investments held in the sinking funds, including interest earned, are used to repay the related debt at maturity.

4. Capital assets:

	Carrying value	Accumulated amortization	2001 Net	2000 Net
Land	$ 6,087	$ —	$ 6,087	$ 6,087
Land improvements	1,010	657	353	1,088
Buildings	20,169	4,005	16,164	16,346
Revenue vehicles	146,903	37,880	109,023	91,912
Revenue vehicles under capital leases	294	11	283	293
Equipment	8,408	3,333	5,075	1,355
Capital projects in progress	5,525	—	5,525	4,431
	$188,396	**$ 45,886**	**$ 142,510**	**$ 121,512**

At March 31, 2001, an adjusted capital expenditure limit of $28.1 million was committed for capital projects in progress and BC Transit received funding totaling $6.4 million for approved capital projects in progress which is being held in pooled investment portfolios. These funds will be expended as payments come due during the 2001/2002 fiscal year.

5. Capital assets under lease:

These assets consist of land, land improvements, stations, guideways and other assets related to the SkyTrain system and West Coast Express utilized within the related TransLink system. These assets are subject to a lease arrangement which is expected to be completed subsequent to year end with Greater Vancouver Transit Authority ("GVTA"). The lease is to be for a period of 15 years at a rental of $1 per year, with two five-year renewal terms. The proposed lease provides GVTA with the exclusive right to administer these assets throughout the lease term. Cost information of these assets is as follows:

	Carrying value	Accumulated amortization	2001 Net	2000 Net
SkyTrain	$ 1,212,726	$ 340,399	$ 872,327	$ 879,656
West Coast Express	128,850	8,391	120,459	122,799
	$ 1,341,576	**$ 348,790**	**$ 992,786**	**$ 1,002,455**

6. Notes payable:

	2001	2000
Commercial paper with the Province of British Columbia, 4.74% (2000 - 4.99%) weighted average interest rate	$ 17,623	$ 36,847

7. Long-term debt - BC Transit:

	2001	2000
Sinking fund bonds, weighted average interest rate of 7.26% (2000 - 8.22%), maturing at various dates from 2000 to 2020, amortized from 4 to 20 years	$ 43,187	$ 24,730
Medium term notes, weighted average interest rate of 4.85%	—	4,118
Sinking fund bonds under interest rate and currency conversion agreements, effective weighted average interest rate of 5.97% (2000 - 6.07%), maturing at various dates from 2003 to 2010, amortized from 4 to 12 years	23,307	23,307
	66,494	52,155
Less unamortized bond discount	174	195
	66,320	51,960
Less current portion	10,121	3,236
	$ 56,199	$ 48,724

The Minister of Finance, as BC Transit's fiscal agent, arranges financing at BC Transit's request, and manages related sinking fund investments. BC Transit paid fees totaling $80,500 (2000 - $14,030) in the year for these fiscal agent services.

Sinking fund payments due in each of the next five years are as follows:

2002	$ 2,228
2003	1,888
2004	1,603
2005	1,603
2006	1,493

8. Obligations under capital leases:

BC Transit leases equipment under leases which are classified as capital leases. The future minimum annual lease payments are as follows:

2002	$ 34
2003	34
2004	34
2005	34
2006	34
Thereafter	302
	472
Less amount representing interest at 8.36%	191
Present value of capital lease obligations	281
Less current portion	11
	$ 270

Interest incurred during the year with respect to obligations under capital leases included in other interest expenditures amounted to $24,000 (2000 - $4,000).

9. Deferred contributions:

Debt service contributions to fund sinking fund and interest payments are recovered from municipal partners over the estimated service life of the related assets. These contributions may differ from the annual amortization of the related assets. Such differences are deferred to be recognized as a recovery in future periods.

	2001	2000
Contributions from municipalities - Victoria	$ 14,049	$13,850
Contributions from municipalities - other municipalities	14,135	13,713
	28,184	27,563
Contributions deferred	(1,050)	(2,271)
Contributions from municipalities	$ 27,134	$25,292

	Opening balance March 31, 2000	2001 contributions deferred	Closing balance March 31, 2001
Deferred contributions	$ 2,271	$ 1,050	$ 3,321

10. Cash and short-term investments:

BC Transit considers deposits in banks, certificates of deposit and short-term investments with original maturities of three months or less as cash and short-term investments.

(a) Major components of cash and short-term investments are as follows:

	2001	2000
Cash	$ 5,421	$ 27
Short-term investments	7,697	18,549
	$ 13,118	$ 18,576

(b) Supplemental cash flow information:

	2001	2000
Cash paid during the year for:		
Interest on long-term debt and notes payable	$ 4,800	$ 5,400
Cash received:		
Interest on investments	604	725

11. Pension liability:

BC Transit and its employees contribute to the Public Service Pension Plan together with other public service employers in accordance with the Pension (Public Service) Act. The British Columbia Pension Corporation administers the Plan, including the payment of pension benefits, on behalf of the employers and the employees to whom the Act applies. Details of the Plan are provided in the Public Accounts of British Columbia. The long-term funding of the Plan is based on the level contribution method. Using this method, employer contribution rates are set so that, in combination with member contributions, they will fully pay for benefits earned by the typical new entrants to the Plan and will maintain the Plan's unfunded accrual liability (UAL) for funding purposes as a constant percentage of employer payroll. The actuary does not attribute portions of the UAL to individual employers. Contributions to the Plan are expensed in the year when payments are made.

The Public Service Pension Plan has more than 57,000 active contributors from 28 employers. The actuarial valuation report for March 31, 1999 disclosed an actuarial surplus in the Plan. The next valuation will be undertaken as at March 31, 2002.

12. Commitments:

Operating lease payments:

BC Transit is committed to make future minimum payments under operating leases for the next five years as follows:

2002	$ 1,688
2003	1,604
2004	1,509
2005	968
2006	522

These expenditures will be recovered from provincial and municipal sources pursuant to cost sharing agreements.

13. Contingent liabilities:

a) BC Transit, Rapid Transit Project 2000 Ltd. ("RTP 2000") and Her Majesty the Queen in Right of the Province of British Columbia have been named in a legal action by SAR Transit Joint Venture. This claim arises out of the construction of the Millennium Line by RTP 2000 for which BC Transit acted as agent on behalf of RPT 2000 for the purposes of acquiring land under BC Transit expropriation powers.

Under the terms of the agreement, RPT 2000 has indemnified BC Transit. Management and legal council have reviewed the claim and consider the indemnity provision of the agency agreement sufficient to protect BC Transit from significant exposure from the claim. No provision has been made in these financial statements.

(b) During the construction and operation of capital assets, BC Transit incurs goods and services tax ("GST"). Subsequent to the payment of GST, BC Transit completes claims for input tax credits to recover certain of these amounts.

In 2001, BC Transit received notification from Canada Customs and Revenue Agency ("CCRA") that certain input credit claims for capital assets under long-term lease (SkyTrain and West Coast Express) were being reviewed. The possible assessment by CCRA would result in the denial of approximately $6.4 million in input tax credits. Management have reviewed the proposed adjustments and consider the possible assessment to be without merit. A letter of response has been sent by BC Transit in which the original claims are further supported. Adjustments, if any, arising from the dispute will be recorded as adjustments to capital assets, and the related deferred capital contrbution.

14. Comparative figures:

Certain 2000 comparative figures have been reclassified to conform with the financial statement presentation for the current year.

For further information about BC Transit

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1. BC Transit - Periodical

2. Local Transit - British Columbia - Periodicals

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Executive Management

Bob Irwin, President and CEO

Ron Drolet, vice-president, planning and marketing and corporate secretary

Tony Sharp, vice-president, finance and administration and chief financial officer

Susanne Fossey, vice-president, human resources

John King, vice-president, operations and maintenance

Dale Lapointe, vice-president, fleet and facilities

Steve New, vice-president, municipal systems program

Transit Systems

Map of Province

Victoria Regional Transit System
Conventional Transit
Custom Transit

Municipal Systems Program

Conventional Transit Systems (24)
Campbell River
Central Fraser Valley
Chilliwack
Comox Valley
Cowichan Valley
Cranbrook
Dawson Creek
Fort St. John
Kamloops
Kelowna Regional
Kitimat
Kootenay Boundary
Nanaimo Regional
Nelson
Penticton
Port Alberni
Powell River
Prince George
Prince Rupert
Squamish
Sunshine Coast
Terrace Regional
Vernon Regional
Whistler

Custom Transit Systems (13)
Alberni-Clayoquot
Campbell River
Central Fraser Valley
Chilliwack
Kamloops
Kelowna Regional
Kitimat
Kootenay Boundary
Nanaimo Regional
Penticton
Prince George
Prince Rupert
Vernon Regional

Paratransit Systems (32)
Agassiz-Harrison
Boundary
Castlegar Regional
Clearwater & Area
Comox Valley
Cowichan Valley
Cranbrook
Creston Valley
Fort St. John
Hazeltons' Regional
Kaslo
Kimberley
Nakusp
Nelson and Area
Nelson-Slocan Valley
North Okanagan
Okanagan-Similkameen
100 Mile House
& Area
Osoyoos
Pemberton Valley
Port Edward
Powell River
Princeton & Area
Quesnel & Area
Revelstoke
Shuswap Regional
Smithers & Area
Squamish
Summerland
Sunshine Coast
Terrace Regional
Williams Lake

Victoria	diesel buses	225
Municipal Systems	diesel buses	289
handyDART	Victoria	40
Custom and Paratransit	Municipal Systems	148